

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08 EA-07
FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03 SP-02
TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 STR-04 SS-15
NSC-05 L-03 H-01 PRS-01 PA-01 AF-10 ARA-06 OIC-02
/126 W

-----271810Z 015295 /46

O 271741Z APR 77

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TO SECSTATE WASH DC IMMEDIATE 6331

LIMITED OFFICIAL USE SECTION 01 OF 03 OECD PARIS 12400

DEPARTMENT PASS TREASURY PELIKAN, JUNZ;EB/ODF:WINDER;
AID:MICHALOPOULOS

E.O. 11652: N/A

TAGS: OECD, CIEC, EFIN, EAID

SUBJECT: ODA VOLUME AND EC SPECIAL ACTION PROPOSAL

1. FIRST MEETING OF G-8 ODA COORDINATING GROUP WAS
HELD APRIL 26. MORNING DISCUSSION FOCUSED ON QUESTION
OF ODA VOLUME. BOTH THE US AND EEC TABLED REVISED
TEXTS ON ODA VOLUME. THESE TEXTS FORMED THE BASIS OF
VOLUME DISCUSSION. JAPANESE, CANADIANS, AUSTRALIANS
AND SWISS INDICATED THAT THEY COULD PROCEED ON BASIS OF
EITHER TEXT. SWEDES SUPPORTED EC VERSION AND
PARTICULARLY EMPHASIZED NEED FOR SOME TYPE OF LONGER
TERM ODA VOLUME COMMITMENT. RECOGNIZING DIFFICULTY
SOME DONORS HAVE REGARDING ODA 0.7 PER CENT
TARGET, GROUP DISCUSSED NECESSITY OF DIFFERENTIATING
VARIOUS POSITIONS ON ODA VOLUME. THE GROUP ALSO
QUESTIONED WHETHER THE G-19 WOULD BE RECEPTIVE TO A
NEW G-8 TEXT ON ODA. DISCUSSION CENTERED ON POSSIBLE
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MODIFICATIONS OF US OR EC TEXT TO DERIVE COMMON G-8
POSITION. NO MODIFICATIONS WERE AGREED UPON.
FOLLOWING IS REVISED EC TEXT ON ODA VOLUME.
BEGIN QUOTE: ALL DONOR COUNTRIES, IN VIEW OF THE
AGREEMENT OF THE SEVENTH SPECIAL SESSION OF THE U.N.
GENERAL ASSEMBLY WHICH ENVISAGES THE ATTAINMENT OF
THE 0.7 PER CENT TARGET BY THE END OF THE DECADE, AND

HAVING IN MIND THE FORM IN WHICH IT WAS REACHED,
SHOULD INCREASE EFFECTIVELY AND SUBSTANTIALLY THEIR
ODA.

IN THIS CONTEXT THE EFFORTS MADE BY DONOR
COUNTRIES WILL BE THE GREATER THE FURTHER THEY ARE
FROM REACHING THE TARGET. ALL DONOR COUNTRIES SHOULD
ATTEMPT TO PREVENT THE VOLUME OF THEIR ODA FROM BEING
AFFECTED IN FUTURE BY BUDGETARY DIFFICULTIES OR BALANCE
OF PAYMENTS PROBLEMS IN ORDER TO RENDER ODA FLOWS
PREDICTABLE, CONTINUOUS AND INCREASINGLY ASSURED.
THE METHODS TO BE USED TO INCREASE FLOWS OF ODA
SHOULD BE DETERMINED BY EACH DONOR COUNTRY, TAKING
INTO ACCOUNT ITS INDIVIDUAL INSTITUTIONAL AND
BUDGETARY PROCEDURES. THOSE DONOR COUNTRIES WHICH
HAVE NOT YET ACCEPTED THE 0.7 PER CENT TARGET OR THE
TIMEFRAME FOR ITS ACHIEVEMENT BUT NEVERTHELESS AGREE
TO INCREASE EFFECTIVELY AND SUBSTANTIALLY THEIR ODA
FLOWS, SHOULD CONSIDER ADOPTING NEW AND ADDITIONAL
MEASURES AND/OR PLANS TO INCREASE CONCESSIONAL FLOWS.
IN THIS CONTEXT CONSIDERATION COULD BE GIVEN INTER
ALIA TO MEASURES SUCH AS:

- INCREASE ANNUALLY THEIR ODA BUDGETS BY A
CERTAIN PERCENTAGE ON A MULTIYEAR BASIS;

- SET ASIDE A PERCENTAGE OF THEIR ANNUAL GNP
INCREASE EXPECTED TO ACCRUE TO BE DEVOTED TO AUG-
MENT ODA FLOWS;

- INCLUDE AID VOLUME TARGETS IN THEIR ECONOMIC
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PLANNING;

- UNDERTAKE INDICATIVE FORWARD PLANNING OF AID
BUDGETS.

THE IMPLEMENTATION OF THE COMMITMENT BY ALL DONOR
COUNTRIES TO INCREASE EFFECTIVELY AND SUBSTANTIALLY
THEIR ODA FLOWS SHOULD BE REVIEWED ANNUALLY IN
APPROPRIATE INTERNATIONAL FORA. END QUOTE.

2. IN ANTICIPATION OF THE NEED AT AN APPROPRIATE TIME
TO CONSOLIDATE THE US AND EC TEXTS TO THE EXTENT
POSSIBLE, WE REQUEST WASHINGTON VIEW ON FOLLOWING
LANGUAGE WHICH TAKES INTO ACCOUNT A NUMBER OF COMMENTS
OTHER DELS MADE DURING MEETING.

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08 EA-07
FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03 SP-02
TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 STR-04 SS-15
NSC-05 L-03 H-01 PRS-01 PA-01 AF-10 ARA-06 OIC-02
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POSSIBLE COMBINED TEXT AS FOLLOWS:

RECALLING THE AGREEMENT OF THE SEVENTH SPECIAL
SESSION OF THE UN GENERAL ASSEMBLY WHICH INTER ALIA
ENVISIONED THE ATTAINMENT OF THE 0.7 PER CENT TARGET
BY THE END OF THE DECADE AND HAVING IN MIND THE FORM
IN WHICH IT WAS REACHED, THE PARTICIPANTS AGREED THAT
CONCESSIONAL ASSISTANCE CONTINUES TO REPRESENT A
HIGHLY EFFICIENT, FLEXIBLE, AND USEFUL FORM OF EXTERNAL
SUPPORT FOR GLOBAL ECONOMIC DEVELOPMENT. OVER TIME,
RISING LEVELS OF EXTERNAL ASSISTANCE HAVE PLAYED AND
WILL CONTINUE TO PLAY A KEY ROLE IN SUPPLEMENTING THE
EFFORTS OF DEVELOPING COUNTRIES TO ACCELERATE THEIR
OWN DEVELOPMENT. IN PARTICULAR, IT WAS RECOGNIZED THAT
THE LOW INCOME COUNTRIES HAVE A SPECIAL, CONTINUING
NEED FOR GREATER VOLUMES OF ODA. IN THIS CONNECTION,
THE PARTICIPANTS NOTED WITH SPECIAL PLEASURE THAT ALL
DONORS AT THE CONFERENCE HAVE MADE COMMITMENTS TO SEEK
WAYS OF INCREASING THE EFFECTIVENESS OF THE
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DEVELOPMENTAL IMPACT OF THEIR ODA. THE PARTICIPANTS

NOTED THAT SOME DONORS REAFFIRMED THEIR INTENTIONS TO FULFILL EXISTING COMMITMENTS TO MEET THE 0.7 PERCENT TARGET. OTHERS, HAVING ALREADY MET THE 0.7 PERCENT TARGET, INTEND TO INCREASE ASSISTANCE FLOWS IN ORDER TO CONTINUE FULFILLMENT OF THEIR COMMITMENT TO THE TARGET. STILL OTHERS ARE IN THE PROCESS OF INCREASING THEIR ODA AND COMMITTED TO IMPROVING ITS EFFECTIVENESS WHILE SUSTAINING FLOWS FOR GLOBAL DEVELOPMENT WITHOUT REGARD TO THEIR RESPECTIVE VIEWS ON THE 0.7 PERCENT TARGET.

ADDITIONAL EFFORTS SHOULD BE MADE BY COUNTRIES WITH BELOW AVERAGE RELATIVE PERFORMANCE. IN ADDITION ALL DONOR COUNTRIES SHOULD ATTEMPT TO PREVENT THE VOLUME OF THEIR ODA FROM BEING AFFECTED IN THE FUTURE BY BUDGETARY DIFFICULTIES OR BALANCE OF PAYMENTS PROBLEMS IN ORDER TO RENDER ODA FLOWS PREDICTABLE, CONTINUOUS AND INCREASINGLY ASSURED. THE METHODS TO BE USED TO INCREASE FLOWS OF ODA SHOULD BE DETERMINED BY EACH DONOR COUNTRY, TAKING INTO ACCOUNT ITS INDIVIDUAL INSTITUTIONAL AND BUDGETARY PROCEDURES. END TEXT

3. THIS LANGUAGE DRAFTED BY US DEL FOR PURPOSE OF WASHINGTON REVIEW ONLY. IT HAS NOT BEEN DISCUSSED OUTSIDE THE DEL.

4. RECOGNIZING PROBLEM US HAS WITH ISSUES OF LISTING SPECIFIC ODA MEASURES OR REVIEW MECHANISMS, REQUEST WASHINGTON VIEWS ON WHETHER ANY PORTION OF EC TEXT ON THESE SUBJECTS COULD BE ADDED TO COMBINED TEXT, AS WELL AS ANY SUGGESTED WORDING CHANGES OF THAT SECTION WHICH MIGHT MAKE IT ACCEPTABLE. OBVIOUSLY, FIRST SENTENCE WOULD HAVE TO BE MODIFIED TO REMOVE "BUT NEVERTHELESS AGREE TO INCREASE EFFECTIVELY AND SUBSTANTIALLY THEIR ODA FLOWS."
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5. SPECIAL ACTION: THERE WAS GENERAL AGREEMENT WITH-
IN G-8 ON OBJECTIVE OF SPECIAL ACTION PROGRAM, I.E.,
G-8 OFFER TO BE MADE AT CLOSE OF CONFERENCE TO
INFLUENCE ITS SUCCESS. EC PUSHED HARD FOR SUPPORT OF
MULTILATERAL CHANNEL, NAMELY IDA. SWEDEN AGREED WITH
EC THAT FUNDS SHOULD BE CHANNELLED MULTILATERALLY BUT
NOT THROUGH IDA. U.S. SAID IT COULD ONLY PARTICIPATE
THROUGH INCREASE IN BILATERAL PROGRAM. JAPAN,
SWITZERLAND, AND CANADA ALSO INDICATED STRONG
PREFERENCE FOR BILATERAL CHANNEL, ALTHOUGH JAPAN,
WHICH HAS JUST BEGUN CONSIDERING PROPOSAL, SHOWED
SOME WILLINGNESS TO CONSIDER A MULTILATERAL CHANNEL
OTHER THAN IDA. EC STATED THAT IMF TRUST FUND MIGHT
ALSO BE SUITABLE VEHICLE.

6. EC FELT ONE REASON MULTILATERAL CHANNEL SHOULD BE
USED WAS THAT MULTILATERAL PROGRAM WOULD BE OBVIOUSLY
VIEWED AS SPECIAL EFFORT AND NO ADDITIONAL REVIEW
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PROCEDURE WOULD BE NECESSARY. QUESTION AROSE HOW AND
WHETHER BILATERAL PARTICIPATION, SHOULD BE MONITORED
IN ORDER TO ASSURE COMPLIANCE WITH SPECIAL ACTION
PLEDGE. PLEASE ADVISE WHETHER AT APPROPRIATE POINT
U.S. COULD ACCEPT A REVIEW PROCEDURE AND IF SO WHAT
TYPE.

7. FEW OTHER DETAILS WERE DISCUSSED BY G-8. EC AND
SWEDEN CONTINUED TO PUSH FOR LINK BETWEEN SPECIAL
ACTION PROGRAM AND U.S./EC DEBT FEATURES PROPOSAL.

EC HAD NO DEFINITE PROPOSALS ON SIZE OF G-8 PROGRAM,
BURDEN-SHARING, OR POSSIBLE RECIPIENTS, BUT THOUGHT
G-8 SHOULD AGREE TO PROGRAM AND THEN INVITE OTHER
DONORS TO PARTICIPATE. JAPAN FELT POSSIBLE OPEC
CONTRIBUTIONS SHOULD BE CLEARER BEFORE G-8 COMMITMENT
IS MADE.
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Message Attributes

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Copy: SINGLE
Sent Date: 27-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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